

Southeastern Power Administration

February 4, 2003



Fast Facts about SEPA

Customers:

Electric Cooperatives.....	127
Federal Utilities.....	1
Public Bodies.....	176
Investor Owned Utilities.....	2
TOTAL.....	306

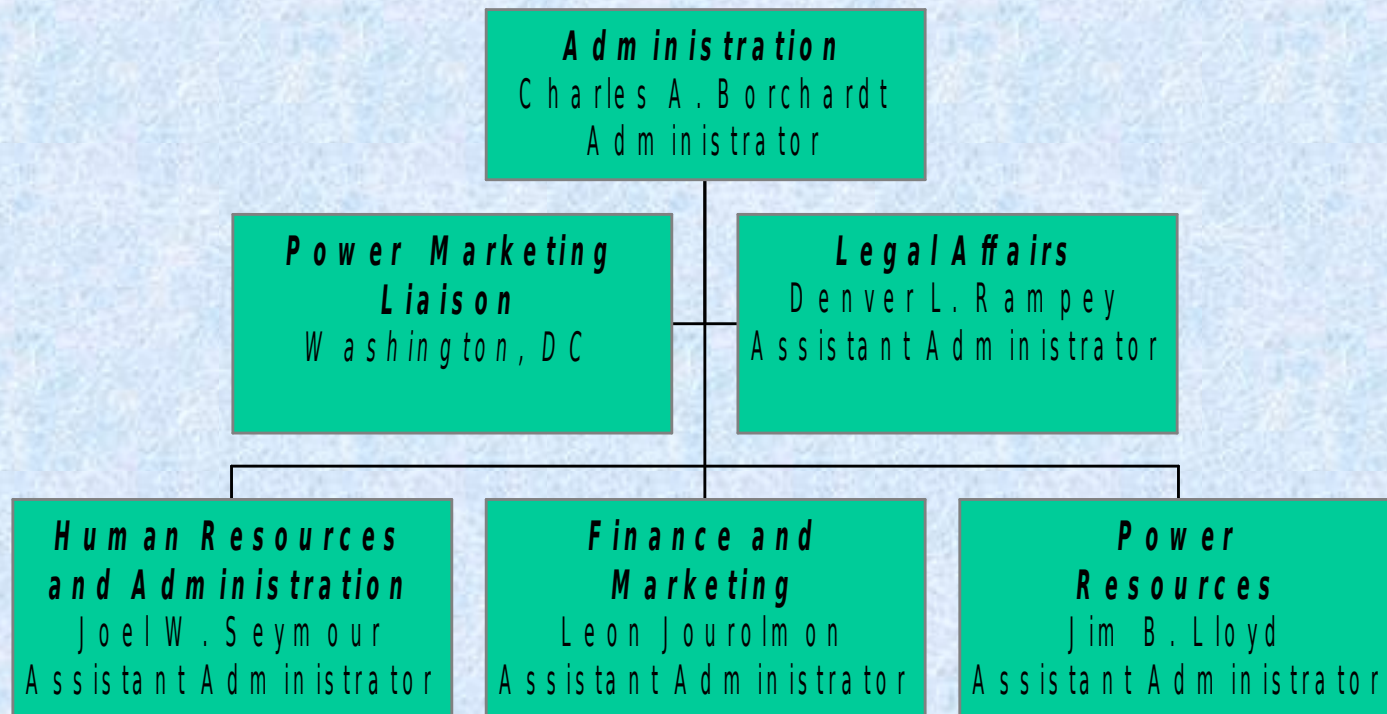
Southeastern's wholesale customers serve more than 18 million consumers

Financial Data(2001):

Revenues	\$150 Million
Total Capital Investment.....	\$1.6 Billion
Cumulative Investment Repaid.....	\$633 Million
Cumulative Interest paid on Investment...	\$1 Billion

Power sales repay an average of 70% of the total cost of each multi-purpose project

Organizational Chart



History

- **Created in 1950 by Secretary of Interior**
- **Functions of Flood Control Act of 1944**
- **Headquartered in Elberton, GA**
- **Transferred to Department of Energy in 1977**
- **Moved to new facility in June 2001**

Mission Statement

- *To market Federal hydroelectric power at the lowest possible cost to public bodies and cooperatives in the Southeastern United States in a professional, innovative, customer oriented manner; while continuing to meet the challenges of an ever-changing electric utility environment through continuous improvements.*

SEPA's Objectives

- **Market capacity and energy**
 - Generated by Federal reservoir projects
 - Not required in the operation of the projects
- **To encourage widespread use of the power**
- **At the lowest possible rates to consumers**
 - Consistent with sound business principles
- **To recover all costs plus interest on investment**
 - Including Corps and SEPA O&M costs

SEPA's Responsibilities

- **Contracts for the Sale of Capacity & Energy**
 - Negotiation
 - Preparation
 - Execution
 - Administration
- **Wholesale rateⁿ and repayment Studies**
- **Provide transmission and related facilities**
 - To interconnect reservoir projects
 - To serve contractual loads
- **Industry activities pertaining to the operation of power facilities**

Southeastern Federal Power Program

- **Section 5, Flood Control Act of 1944**
- **Two separate Federal government Agencies, MOU signed 6/20/1991**
 - Southeastern Power Administration
 - US Army Corps of Engineers
- **Financial Statements combined**
- **Cost allocations for multi-purpose projects**

Corps / SEPA/ Customer Partnerships

- Alliance

- Team



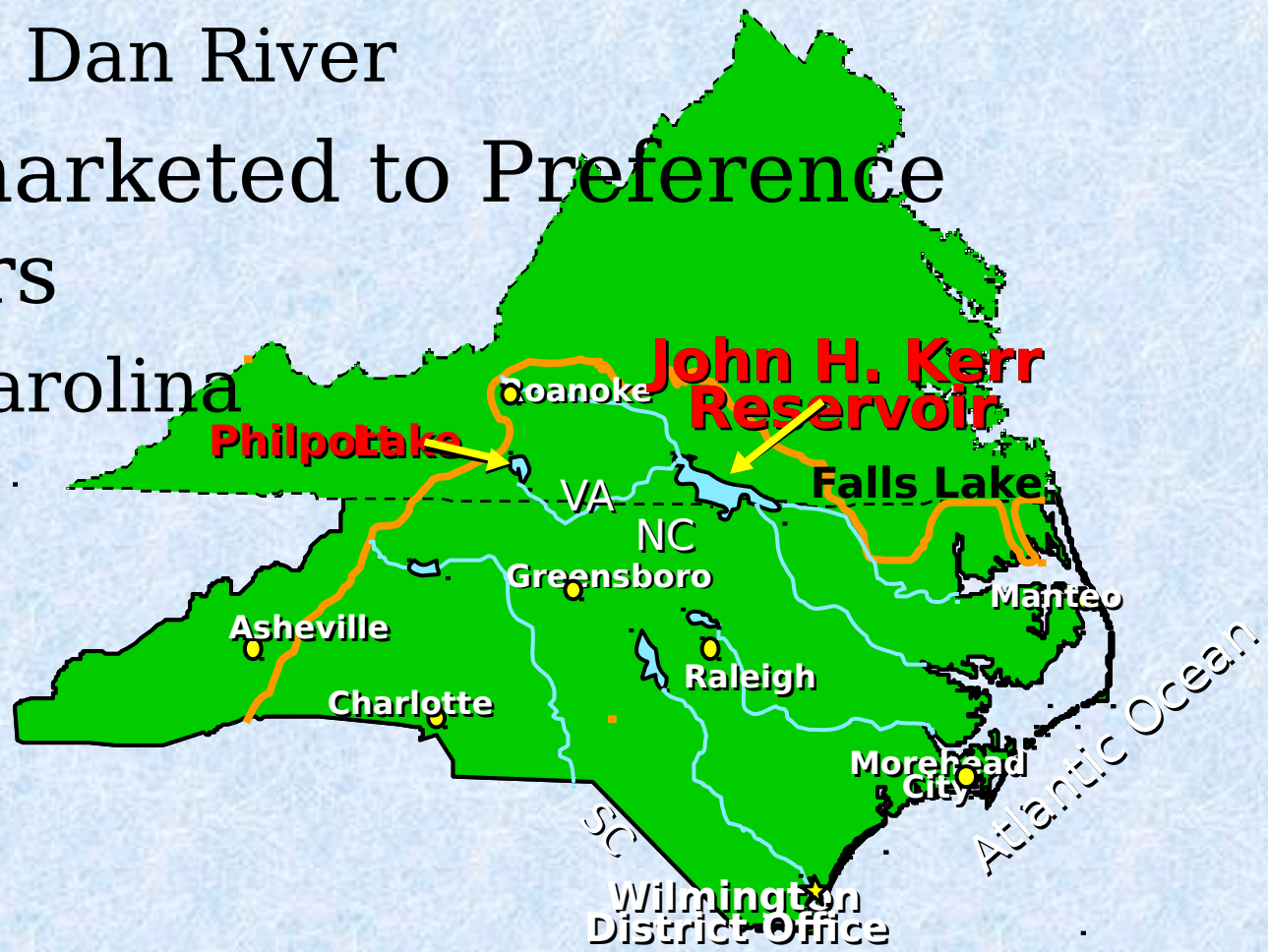
Marketing Area



- 10 Southeastern States, plus a portion of Illinois
- 23 projects grouped into four systems
 - GA-AL-SC
 - Cumberland
 - Kerr-Philpott
 - Jim Woodruff
- Each system financially, electrically, and hydraulically

Kerr-Philpott System

- Consists of two projects
 - John H. Kerr: Roanoke River
 - Philpott: Dan River
- Energy marketed to Preference Customers
 - North Carolina
 - Virginia

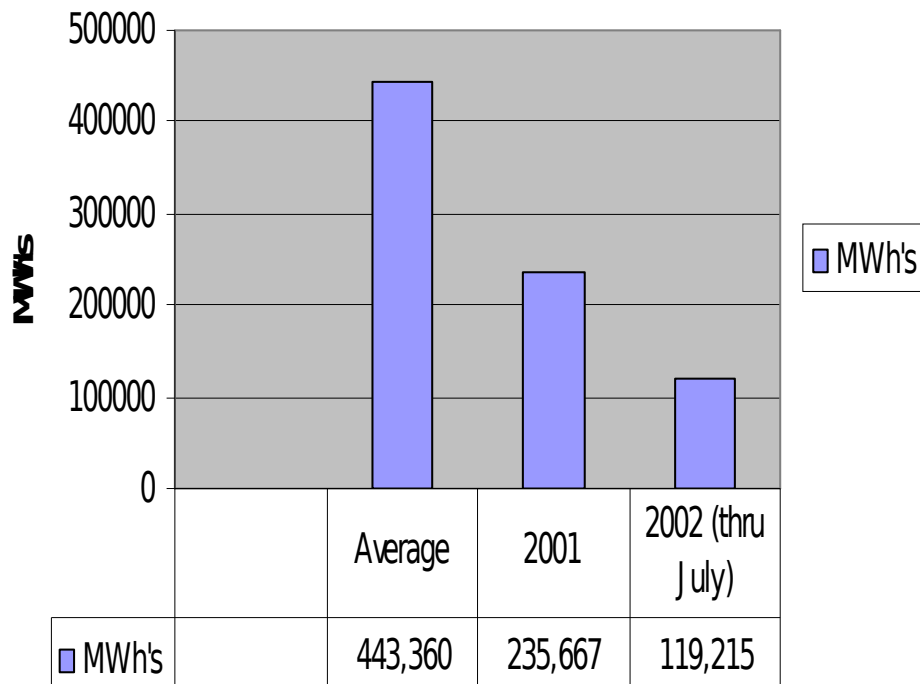


Kerr-Philpott System Financial Performance

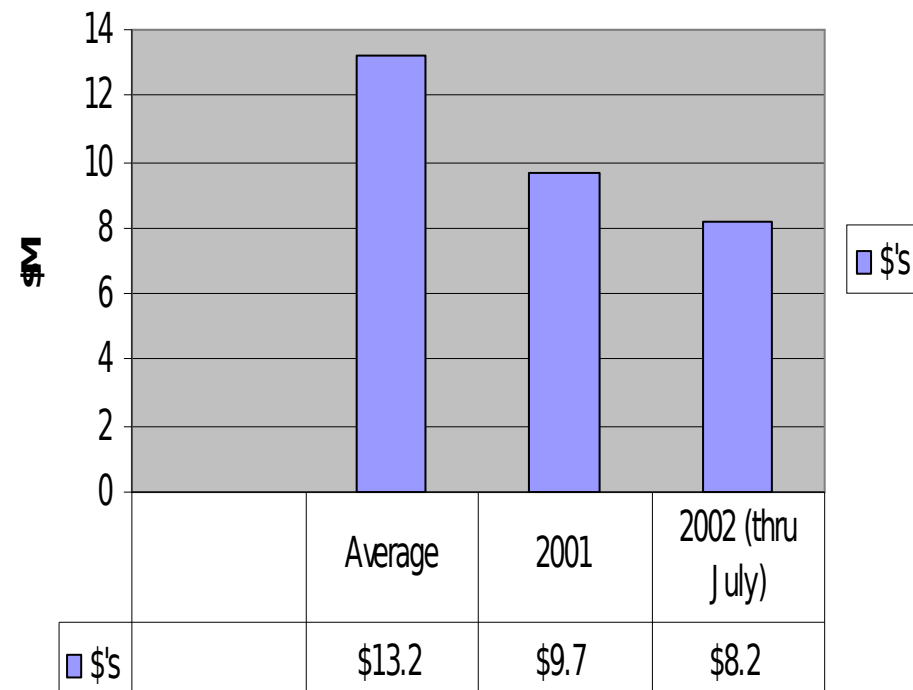
- \$9.7M Total Revenue in 2001
 - 235,676 MWh of Energy
 - 240 MW of Capacity
- Repayment in 2001
 - \$8.2M Operating Expenses
 - \$0.1M interest on Federal Investment
 - \$1.4M payment on Federal Investment

Kerr-Philpott Financial Performance

Average Annual Energy

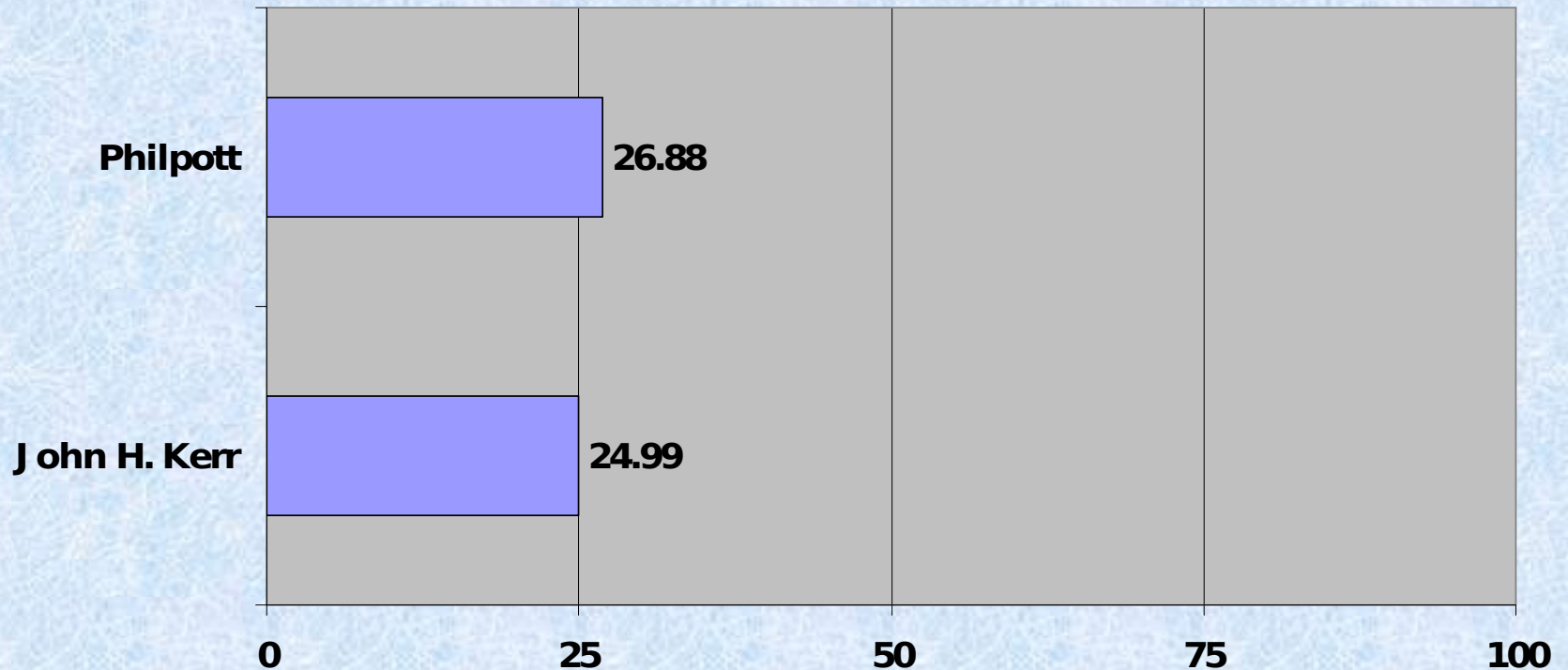


System Revenues



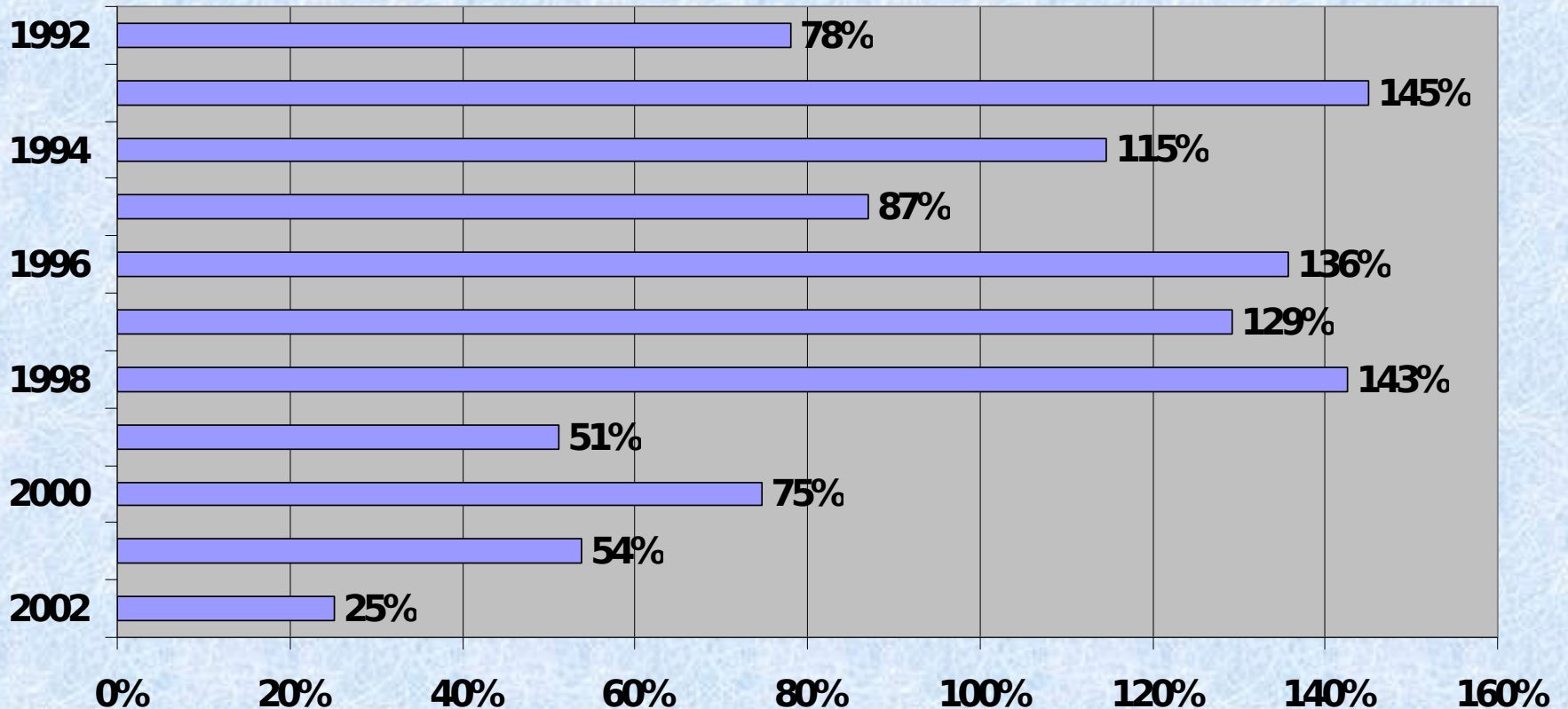
2002 Drought Conditions

FY02 Percent of Average Project Generation

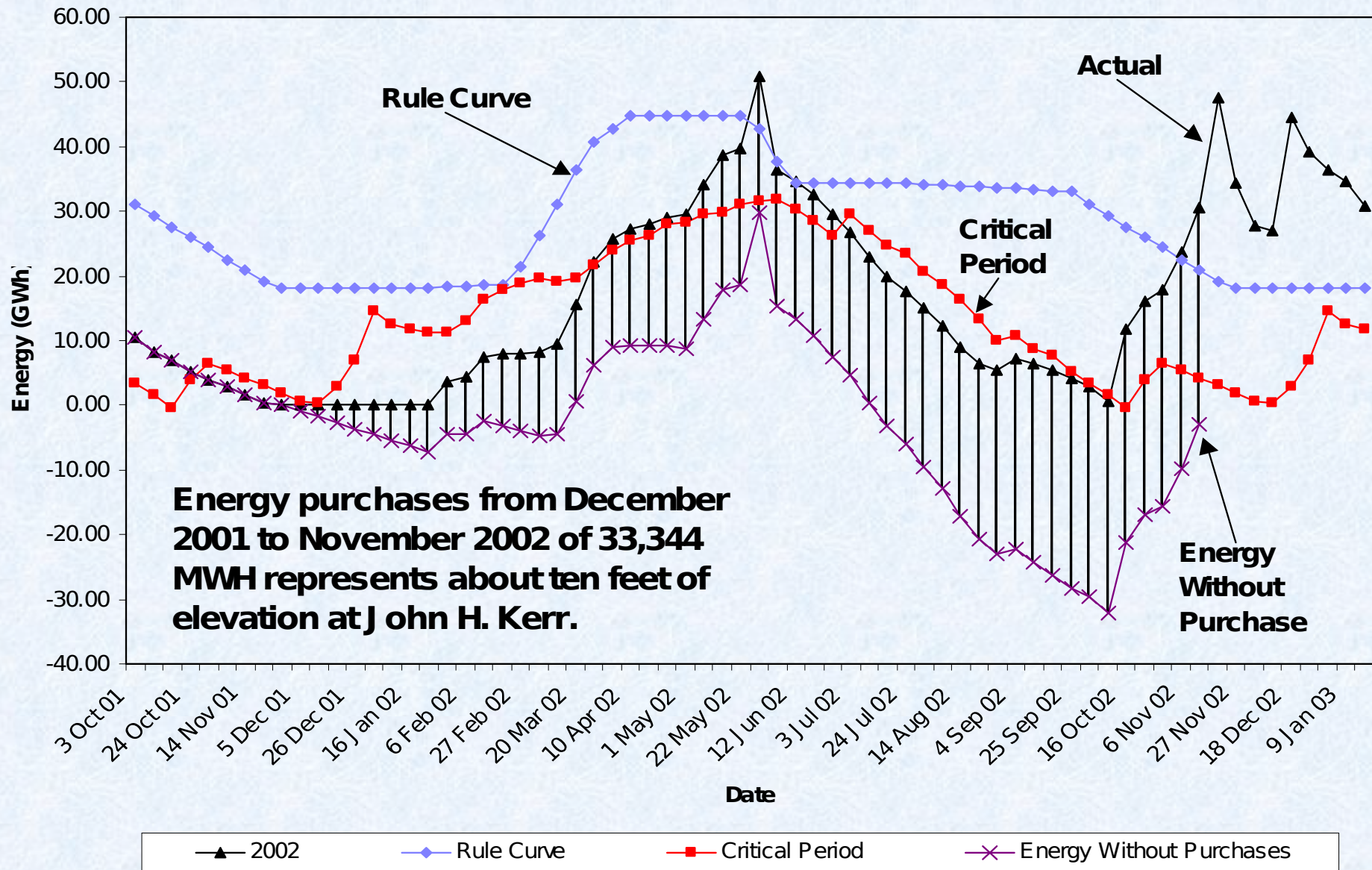


2002 Drought Conditions

Percent of Average System Generation



Energy-in-Storage



John H. Kerr Major Rehab

- New aerating turbines beginning Spring 03
- \$70M Increase in Federal Investment
- Anticipate increase in generator capacity
- Anticipate slight increase in System Energy
 - Turbine efficiency decreases when aspirating
 - But, overall more efficient turbine design
- Additional capacity to meet reserve requirements

John H. Kerr 216 Study

- Study may be used for:
 - Congressional re-authorization of initial project purposes
 - Change in operations which result in constructive re-allocation
- Study areas of importance to SEPA
 - Hydropower benefit as a Reservoir Resource
 - Water Supply impacts on hydropower
 - Operating Policies & Administrative Procedures

Closing

- A strong partnership in close communication is the best strategy in dealing with current and future water issues
- SEPA looks forward to continuing the partnership with Wilmington District



Questions?